

# LOUISIANA RECOVERY AUTHORITY

## *The Road Home* Housing Action Plan Resolution

**April 26, 2006**

**Summary:** Consideration of a request to approve the Action Plan Amendment No. 1 to approve up to \$4.6 billion for *The Road Home* Housing Plan. If Congress approves an additional \$4.2 billion, the total funding for *The Road Home* is approved to increase to \$8.08 billion.

### ***The Road Home* Program Budget**

	<b>Partially Funded</b>	<b>Fully Funded</b>
Assistance to owner-occupants	\$3,551,600,000	\$6,347,400,000
Homeless supports and housing	\$25,900,000	\$25,900,000
Workforce and affordable rental housing	\$892,700,000	\$1,535,700,000
Developer incentives and code enforcement	\$32,100,000	\$32,100,000
State administrative costs	\$79,700,000	\$120,900,000
Housing costs in Action Plan #1	\$18,000,000	\$18,000,000
<b>TOTAL</b>	<b>\$4,600,000,000</b>	<b>\$8,080,000,000</b>

**Homeowner Assistance Program** – The Action Plan Amendment recommends Supplemental CDBG funds be used to create a program to help homeowners impacted by Hurricanes Katrina and Rita to repair, rebuild, relocate elsewhere in Louisiana, or sell their home. Funding for the Homeowner Assistance Program is recommended at \$3.55 million. If Congress appropriates an additional \$4.2 billion for Louisiana, the program will be fully funded and the amount of disaster recovery CDBG funds dedicated for the purposes of the Homeowner Assistance Program will increase to \$6.35 billion.

**Workforce and Affordable Rental Housing Programs** – The Action Plan Amendment recommends Supplemental CDBG funds be used to create programs to create rental housing. The programs prioritize affordable and deeply affordable rental housing and the creation of sustainable mixed income communities. This action plan amendment allocates a total of \$893

<b>Rental Program</b>	<b>Partially Funded</b>	<b>Fully Funded</b>
LIHTC/CDBG Piggyback	\$311,690,000	\$552,410,000
Supportive Housing	\$46,750,000	\$72,730,000
Flexible Developer Incentives	\$41,560,000	\$41,560,000
Small Rental Properties	\$492,700,000	\$869,000,000
<b>TOTAL</b>	<b>\$892,700,000</b>	<b>\$1,535,700,000</b>

million of currently available CDBG funds to this purpose, and proposes funding be increased to \$1.54 billion upon the appropriation of the additional CDBG funds pending in Congress. Coupled with the Low

Income Housing Tax Credits, these funds are expected to produce 36,000 to 51,000 rental units, of which 25,000 to 30,000 units will be affordable to families with incomes below 60% of the area median. These programs include:

- **Low-Income Housing Tax Credit (LIHTC) “Piggyback” Program** – The LIHTC Piggyback Program will subsidize affordability of units created using these tax credits to deeper levels of affordability, between 20 to 40 percent of the area median income. This program is proposed to be funded at \$312 million in the partially funded budget and \$552 million in the fully funded program. Coupled with the LIHTC program, it is expected to produce 18,000 to 33,000 units, of which 13,000 to 18,000 will be affordable to families with income below 60% of the area median. With this plan, the LRA also strongly encourages the LHFA to direct the LIHTC program in a way that meets the goals of *The Road Home* Program.
- **Services Funding for Supportive Housing** – The amendment funds supportive services for approximately 1,870 supportive housing units in the partially funded program, and an estimated 3,000 units in the fully funded program. The supportive housing units will serve individuals and families with special needs, most importantly, renter households who are returning to Louisiana after having endured, very often, traumatic relocations from shelter to shelter, to hotels, and to temporary living arrangements in other cities. The funding is recommended at \$46.75 million in the partially funded program and \$72.73 million in the fully funded program.
- **Small Rental Property Repair Program** – The Action Plan Amendment recommends an incentive program to repair and rebuild affordable small rental properties in the areas impacted by the storms. The plan proposes to provide gap financing for the repair of an estimated 10,500 small rental units in the partially funded program, and an estimated 18,000 rental housing units when the program is fully funded. The partially funded program is budgeted at \$493 million and \$869 million for the fully funded program.
- **Renters’ Registry** – The plan calls for a rental registry to assist displaced renters getting back into rental properties in Louisiana. The plan requires priority placement be given to hurricane displaced residents for all subsidized rental housing units.

**Restoration of Homeless Supports and Housing** – The Action Plan Amendment recommends Supplemental CDBG funds be used to address increased risks and demands related to homelessness. The State is proposing \$25,900,000 of CDBG funds be allocated to this purpose.

**Developer Incentives** – The Action Plan Amendment recommends Supplemental CDBG funds be used to create programs and financial tools to encourage developers to rebuild housing in the areas that suffered the greatest losses. The programs below are intended to address very specific

Program	Partially Funded	Fully Funded
Development Loan Fund	\$16,570,000	\$16,570,000
Land Assembly	\$2,070,000	\$2,070,000
Capacity Building Grants	\$2,070,000	\$2,070,000
Building Code Enforcement	\$11,390,000	\$11,390,000
<b>TOTAL</b>	<b>\$32,100,000</b>	<b>\$32,100,000</b>

barriers: Lack of affordable, permanent financing for mixed-income rentals; the need for more risk-tolerant predevelopment capital; and the lack of available sites for development

where housing development is most needed. Coupled with the rental programs above, these developer incentives are proposed as a well-orchestrated toolkit that-working together-are more likely to spur housing development. The program is budgeted at a total of \$32.1 million in the partially funded program and \$32.1 million in the fully funded program. These programs include:

- **Housing Development Loan Fund** – The Housing Development Loan Fund would provide seed funding for a contractor or state agency to establish one or more loan funds that offer acquisition and predevelopment financing on flexible terms to developers of the most critically needed housing. The program is recommended to be funded at \$16.57 million in the partially funded and fully funded budget.
- **Land Assembly Operations** – As an additional way to jump-start development in the communities that lost the most housing, the Land Assembly component of the housing program will provide seed money to acquire multiple properties in good locations for replacement housing and "package" them for sale or grant to maximize further affordable housing development. The program is recommended to be funded at \$2.07 million in the partially funded and fully funded budget.
- **Support for Faith-Based and Community-Based Housing Recovery Programs** – The plan recommends \$2.07 million be used to strengthen community nonprofits and faith institutions already providing housing recovery services.
- **Funding of Building Code Enforcement by Local Governments** – Without special assistance being provided to local governments, it is expected that a major impediment to housing development will be the lack of building, electrical and plumbing inspectors, permit processing staff. The plan recommends \$11.39 million for this purpose.

**Administration** – With this Action Plan Amendment, the State is requesting a total of \$148.68 million under current, partial funding levels, which includes the \$8,810,400 requested in the first action plan and \$189.880 million when the program is fully funded.

**Planning** – With this Action Plan Amendment, the State is requesting \$9.5 million of which \$0 was requested in the first action plan.

**Technical Assistance** – With this Action Plan Amendment, the State is requesting \$12.420 million, of which \$500,000 was requested in the first action plan.

## RECOMMENDATION

It is recommended that the following resolution be adopted:

***NOW, THEREFORE, BE IT RESOLVED**, that the Louisiana Recovery Authority does hereby endorse The Road Home Housing Program as drafted in the Action Plan Amendment and and urges the Governor, the Joint Legislative Committee on the Budget and the Louisiana Legislature to approve and recommend this Action Plan Amendment to HUD.*

***BE IT FURTHER RESOLVED**, that the Louisiana Recovery Authority approves that technical changes may be made with the approval of the Executive Director of the LRA.*